March 26, 2024

VIA E-FILING

Mr. Shaun Ragnauth
Climate Change Division, Office of Atmospheric Programs
Environmental Protection Agency
1200 Pennsylvania Ave. NW
Washington, DC 20460

Re: Comments of the Ohio Oil and Gas Association on U.S EPA's Proposed Waste Emissions Charge for Petroleum and Natural Gas Systems

Docket ID No. EPA-HQ-OAR-2023-0434

Dear Mr. Ragnauth:

The Ohio Oil & Gas Association (the "Association" or "OOGA") is one of the largest and most active state-based oil and natural gas associations in the United States and has been the representative of Ohio's oil and gas producing industry since 1947. OOGA's members are involved in all aspects of the exploration, development, production and marketing of crude oil and natural gas resources in Ohio. The Association's members often rely on OOGA as their primary source of information on industry trends, activities, tax changes, legislation and regulatory issues. OOGA frequently participates in federal and state regulatory actions affecting the oil and gas industry. OOGA hereby further supports, adopts, and incorporates by reference herein the comments submitted by the coalition led by the American Petroleum Institute which OOGA signed onto, the Independent Petroleum Association of America comments, the Marcellus Shale Coalition comments, and the American Exploration and Production Council comments.

The Association has significant concerns with the proposed Waste Emissions Charge for Petroleum and Natural Gas Systems (WEC). Our analysis indicates that this rule will have a distinct adverse impact that disproportionately results in an economic burden on Ohio's independent gas producers. The proposed WEC will also create a variety of unintended environmental consequences, including resulting in additional abandoned/orphan wells, that will worsen methane-related considerations over the long term. EPA failed to consider the regulatory overlap among the suite of recent regulations aimed at reducing methane emissions from the oil and gas industry – i.e. New Source Performance Standards and Emissions Guidelines under 40 CFR Part 60, Subparts OOOOb/c; Subpart W; and the proposed WEC – and the compounding implications associated therewith.

OOGA urges EPA to revise the proposed WEC rule so that it reflects the inherent relationship of these regulations to ensure the implementation of the WEC is reasonable and consistent with the related regulations and, thus, minimize the negative externalities the WEC rule, as proposed, will inevitably create.

We feel the EPA is drastically underestimating the cost assumptions associated with this regulatory alignment. Ironically, the proposed WEC rule is so punitive that it will inevitably result in additional orphan wells, thus actually increasing methane-related problems. The EPA must reconsider the inadequate list of approved technologies under OOOObc and Subpart W regulations. The combined effect of costly detection technologies and penalties will disproportionately impact independent producers and push them out of business. This will adversely affect local jobs and the economy and increase the number of orphan wells in the state, resulting in negative economic consequences for the State of Ohio and the United States.

The EPA has also underestimated the impact of the WEC by basing its analysis on RY2021 Subpart W data. RY2021 occurred during the COVID-19 pandemic and most likely does not accurately reflect a typical year for oil and gas operations due to reduced energy demand and artificially reduced production. Moreover, RY2021 (or any other year, for that matter) data does not reflect the proposed Subpart W revisions, which will significantly increase the reported methane emissions based on the proposed rule.

Implementing OOOObc regulations will drive methane emissions inspection for facilities not subject to those in the past, increasing the likely number of impacted facilities. We expect that implementing the OOOObc, revised Subpart W, and WEC requirements will likely result in additional facilities reporting and paying penalties under WEC. While we do not object to the goal of methane emissions reduction and proper reporting, failing to consider this increase of facilities due to the implementation of OOOObc has misinformed the public and US Government bodies about the actual economic impact of the proposed rule on the US economy and energy independence.

The EPA has also not provided cost and labor-effective means for detecting and quantifying methane emissions in small independent oil and gas operations. Technical solutions such as Method 21, Infrared Optical Gas Imaging cameras, and permanent sensors are all cost-prohibitive for small independent operators. Solutions must incorporate a realistic depiction of the economic realities our members manage every day. Third-party methane detection services have also been rapidly *increasing* in price. Providers of OGI cameras have not offered any cheaper solutions and are continuing to raise prices for cameras that cost upwards of $100,000. In short, we welcome more of a collaborative approach to methane mitigation solutions instead of severely penalizing the industry to the point of irreparable harm.

Ohio's independent producers are already operating on low margins due to the age of the fields and suppressed natural gas prices. The vast majority of Ohio independent producers simply cannot afford the technologies approved by the EPA to meet the regulatory requirements. Therefore, OOGA opposes the proposed rule, as it fails to consider the natural constraints of OOGA members. The EPA should establish a workable timeline between subpart W reporting and validation and WEC filing and validation. The WEC filing should occur only when Subpart W reports have been validated to avoid potential double counting or overestimation of emissions from various source types and/or an untenable cycle of additional payments or refunds.

Discrepancies between payments and reporting validation will impose an additional financial burden on Ohio independent producers. Overall, the combination of new methane regulations without technically feasible and cost-effective means of meeting them, the inappropriately estimated impact of the new rules, and the WEC on independent producers is precipitous and risks driving small independents out of business.

Small independent bankruptcies will negatively impact local economies and exacerbate the methane emissions problem in the State of Ohio. The punitive nature of the rule has the potential of increasing Ohio's abandoned well count with their emissions going unmitigated.

We welcome the opportunity to continue working on the WEC rules as it relates to this particular draft. The Ohio Oil and Gas Association, on behalf of all its members, opposes the Proposed Waste Emissions Charge for Petroleum and Natural Gas Systems.

Sincerely,

Stephanie Kromer

Stephanie Kromer
Director of Legal & Regulatory Affairs
Ohio Oil & Gas Association